

**STATEMENT OF
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INTRODUCTION

Mr. Chairman, My name is David Abernethy and I am Senior Vice President for Public Policy and Regulatory Affairs of HIP Health Plans. I am in charge of HIP's government relations and regulatory affairs, including overseeing compliance with Medicare marketing rules. I am very pleased to be here today to talk about issues relating to beneficiary education and marketing to Medicare beneficiaries.

HIP Health Plans is a not-for-profit HMO that was formed 51 years ago as the Health Insurance Plan of Greater New York. Everyone has always referred to us as HIP, so we have adopted that as our name. We operate in New York, New Jersey, Florida, and Pennsylvania. In New York and New Jersey, HIP operates as a mixed-model HMO providing care to our members through freestanding medical centers and through neighborhood physicians. In Florida and Pennsylvania, HIP operates as an independent practice association model HMO contracting with individual doctors serving in private practice. We have more than 1.1 million members in our system,

HIP has a great deal of experience in Medicare having participated in the program since the late 1960s. HIP Health Plan of New York received its Medicare risk contract in 1987, HIP Health Plan of Florida received its risk contract in 1995 and HIP Health Plan of New Jersey was approved as a risk contractor in 1996.

Through its risk contract, HIP offers our members benefits that fee-for-service Medicare does not provide, including prescription drugs, eyeglasses, dental care, and transportation to doctor visits without the added premiums of a Medigap policy. We have found these products to be very popular among the public. HIP has seen its enrollment in Medicare risk contracts increase in the past two years from 67,000 to almost 100,000 members. The number is growing each month and we expect that trend to continue.

The enactment of the Balanced Budget Act of 1997 and the implementation of the Medicare+Choice program offers great opportunities for both health plans and beneficiaries by greatly expanding consumer choice. Under Medicare+Choice, beneficiaries have the option of staying in the traditional Medicare fee-for-service program or choosing to join an HMO, a provider sponsored organization (PSO), medical savings account (MSA), preferred provider organization (PPO), or a private fee-for-service plan.

While expanding options will give consumers more choice, it will also require health plans and the Health Care Financing Administration (HCFA) to do more to differentiate our products to Medicare beneficiaries. Consumers will need to understand the differences between the new offerings so that they can determine which product works best for them. HCFA plans to start an open season and beneficiary education process in November 1998 which should help inform Medicare beneficiaries about their new health care options. HIP already has an extensive education and marketing program to ensure that our beneficiaries understand their benefits and rights under the Medicare program. We are working hard to make any necessary changes to ensure that beneficiaries will be informed about their choices once Medicare+Choice becomes operational.

HIP BENEFICIARY EDUCATION PROGRAMS

Traditionally, HIP's Medicare population has consisted mainly of people who have "aged in" to our Medicare product. This means that they were long-time HIP members who switched from a commercial or individual product to Medicare upon becoming eligible for Medicare. These people are familiar with HIP and require little education about navigating our system.

As the popularity of Medicare HMOs has increased in recent years, we have started to enroll a larger number of Medicare members who are new to HMOs and therefore not familiar with the HIP system. HIP is committed to ensure that its products are represented in an ethical manner. Our sales force is trained to focus on educating the beneficiary about the HIP system prior to enrollment. We recognize that a well-educated member benefits both the plan and the beneficiary. Our sales representatives help explain to beneficiaries about the basics of an HMO including the role of the primary care physician, the need to get many services within our network, and the benefit package offered by HIP.

HIP provides all Medicare beneficiaries with a handbook, which you have before you, explaining how to get services within an HMO and an explanation of benefits. Our member handbook is written in plain English and is designed to help a new member under the HIP system. The handbook tells the beneficiary about choosing a primary care physician, accessing emergency services, disenrollment procedures, and methods for accessing mental health coverage, prescription drug benefits, and preventive health services.

In an effort to assist members with any question he or she might have after enrollment, HIP operates a toll free number, which is operational from 8 a.m. to 8 p.m. Monday through Friday. This hotline is staffed with customer service representatives who are trained to answer any question a beneficiary may have.

In addition to our member handbook, HIP provides its Medicare members with other information to make our beneficiaries feel comfortable in the HIP system. These items include a Medicare question and answer book, a list of participating physicians, a copy of the Medicare contract, and guides to dental, optical, and prescription drug benefits. Our goal is to ensure that our members have the information they need to access all essential health services.

MARKETING ACTIVITIES

HIP believes that marketing can only be successful if it also educates the consumer about managed care and we design our marketing activities to have a strong educational component. Our marketing activities in Medicare include the use of television, radio, and direct mail and are all approved by the Health Care Financing Administration (HCFA).

Our direct mail efforts are our most comprehensive marketing tool and provide the beneficiary with the most information. Under the direct mail campaign, an initial mailing is sent to all eligible Medicare beneficiaries followed by a mailing to the people who did not respond to the initial mailing. A third piece is mailed to respondents who met with a representative, but did not enroll. All mailings are designed to be concise, easy to read and educational in content. We do not overload the materials with information because we find this confuses the beneficiary and is not effective. Instead, we prominently display an 800 number which beneficiaries can call to obtain additional information. These 800 numbers differ based on the location of advertising campaign to ensure that beneficiaries receive easy and accurate answers to their questions.

The representatives on the 800 number use approved HCFA telemarketing scripts to respond to

inquiries. While they can answer many basic questions, customer service representatives can also arrange one-on-one meetings with a plan representative to address specific questions and personal issues the beneficiary may have. We find these sessions very effective because they allow more time to help educate the Medicare beneficiary on the HIP system and permit the person to compare their existing coverage with our benefits.

HIP works hard to ensure that our sales representatives have the highest ethical standards. We review all applicants on the basis of previous employment and experience with a product focused on individuals and senior citizens. HIP places a great deal of emphasis on the training of sales representatives and we work hard to ensure its comprehensiveness.

New sales representatives start their instruction with a one-month program consisting of State Licensure Training, which must be received prior to field sales work, followed by a week of intensive product training. This program includes instruction in HCFA marketing guidelines, HIP marketing guidelines, plan designs, senior sensitivity training, educational presentation techniques for both group and individual settings, and many other components that will aid in the professionalism and effectiveness of a representative marketing to Medicare enrollees.

Upon graduation from these initial courses, HIP sales management will spend the next two weeks working individually with the new sales representative. Field sales supervisors will accompany the new representative during this period and monitor their presentation to ensure consistency with the guidelines that HCFA and HIP have established as best practices.

Once the sales representatives are in the field, HIP has a tracking system, which permits the plan to track its sales representatives by region, territory, product line, and individual representative. This information allows us to monitor the individual areas of the sales cycle from disenrollment prior to effective date, rapid disenrollment, and the number of grievances filed against an individual representative. It is essential to monitor these results monthly to ensure that representatives are working within established guidelines of the company and are not engaging in unethical activities. Any unusual results in any area or by a particular representative could be the sign of a problem and would trigger an inquiry. If a problem is discovered, the marketing representative would either be required to undergo further training or could be terminated depending on the gravity of the infractions.

NEW INITIATIVES

HIP has found that our current activities, while thorough, are not comprehensive enough to make some members feel comfortable in an HMO setting. HIP has determined that we need to continue to stay in contact even after a member has signed up and been a plan member for some period of time. In an effort to be more customer friendly, we have developed and are in the process of implementing a multi-pronged approach to help educate our members and make them feel at home in the HIP system.

Upon enrolling as a HIP Medicare member, the new enrollee will receive a call to welcome them to the plan and answer any questions which may have arisen since the person decided to join. Thirty days after enrolling, the person will receive another call to ensure that the person has chosen a primary care physician, is receiving all necessary care, and answer any questions which have arisen since enrollment. Sixty days after enrolling in HIP, the person will receive yet another follow-up call. These calls serve as an opportunity for us to provide needed customer service and to provide any assistance the beneficiary needs.

HIP is also establishing New Member Orientation meetings, which will be offered on top of our other

education programs. This orientation will be designed to walk the member through the operations of the plan and explain the best and most convenient ways to access services. We plan to discuss the role of a primary care physician, methods for obtaining referrals for services, utilization of our health care centers, access to the new and expanding network of community based providers, and many other things that are routinely raised by our members. We expect this New Member Orientation to add another level of comfort to our new members.

RECOMMENDATIONS

Beneficiary education programs are an important part of any successful Medicare product. With over 30 years experience, we have learned a great deal about the best way to inform Medicare beneficiaries about our products. As Congress and HCFA work on ways to inform beneficiaries about the new options available to them under Medicare+Choice, we have some suggestions on how you can best inform them about their option

1. Keep It Simple - Medicare beneficiaries consume large amounts of health care services and are fairly knowledgeable on the subject. However, that does not mean you should give them brochures with lots of technical terms or overload them with information. We have found that our materials are best received when they are concise and to the point. Medicare enrollees are very good about calling when they need more information than is provided in a handbook or brochure.

2. 800-Number - It is important for senior citizens and other Medicare eligibles to have someone to call should they have questions about their choices. Our 800 number has been well received and has given Medicare enrollees a comfort level that someone is there to answer their questions. It is important that the 800 number be staffed with people who are courteous and are able to answer questions. Nothing frustrates people more than being given a number that does not provide the information they are seeking.

3. Flexibility - In the information age, technology and methods of communication change rapidly. The Internet, television, radio, and specialized magazines give people much more information about their health care choices than in the past. This plethora of information requires health plans to be more innovative than ever in its beneficiary education program. HIP is constantly working to update and improve our marketing and education program. Any beneficial education effort from HCFA has to be designed in a way that will allow for easy modifications so that it can keep up with changes in technology and communication.

4. Evaluation - It is important that any beneficiary education program be evaluated to determine its effectiveness. We conduct surveys of our members to measure our customer service including marketing and education programs. It is important that any beneficiary education program HCFA develops undergo a similar evaluation from the GAO or another outside source to ensure that it is accomplishing its goal.

CONCLUSION

With Medicare+Choice becoming operational within the next six months, it is more important than ever that both health plans and HCFA give Medicare enrollees goes accurate, and helpful information so that they can make informed choices. We believe that HIP's 30-plus years of experience in Medicare gives us a unique perspective on educational and marketing materials and we hope you found our insights and observations helpful. We look forward to working with you, as the Medicare+Choice program becomes operational. I would be happy to answer any questions you might have.

